



## CHAPTER - I

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:: CHAPTER - I ::

METHODOLOGY OF STUDY

1.1 INTRODUCTION :

India is regarded as the country of villages. There are in all 5 lakhs villages in our country. Though -

industrialisation of our country is necessary for rapid economic development of our country, agricultural development is basic to advancement of all other sectors of the economy. This is especially true in respect of rural economy of India.

Agricultural finance is the integral part of the agricultural development. Due to their specific structure, the finance from commercial banks is always made mainly to commerce, trade and industry. Due to the specific organizational structure of co-operative banks, it is expected that these banks shall concentrate more on agricultural finances and agricultural development of the country. Through the primary agricultural credit societies working at the village level, it becomes possible for the co-operative banks to reach the farmer community easily and quickly. /

On this background, the position of Ratnagiri District and its district co-operative bank is as follows. The district is economically backward. Region is industrially underdeveloped and there is a very little scope for the industrial development of the region. On the other hand the district has abundant natural resources which can be exploited profitably. Main cash crops are the horticultural products such as mango, - cashew, coconuts etc. Mango has a very wide market in Bombay and in foreign countries.

Production of mango has increased substantially in

last few years. But marketing of mango has always remained in the hands of commission agents and wholesalers in Bombay. They get the major portion of profits due to their absolute control on markets. Co-operative marketing and finance for this activity is very negligible in this region.

DCC bank was established in 1957. The major objective of the bank is to finance the agricultural activities in the region. The deposits of the bank have increased to nearly - Rs.20 crores in last 30 years. But it's agricultural advances are only Rs.2 crores - i.e. 10% of it's total resources. Present study attempts to analyse the reasons for such low agricultural loans and advances of the DCC bank where the scope for - production and marketing of horticultural products is very large. While discussing this problem with the chairman of the bank - sarvashri S.L.Peje I was motivated to make research in the problem.

While discussing the problem with the chairman of the bank, I realised that the agricultural advances of this bank needs some research. Co-operative banking structure has been specially designed to extend short and medium term credit for agriculture. Commercial banks and other financial - institutions have no direct links with the agriculturists at village level. Therefore, these banks and institutions are not in a position to study the problems of agriculturists and their credit requirements. As such, they can't channelise their

resources in this important productive sector of the economy in required quantum.

Due to the three-~~five~~ structure of the co-operative banking sector, these banks can have direct contacts with farmer community. They can know very well the problems of agriculturists and their credit requirements. As such they are better placed in a position of financial agency well suited for agricultural finance.

On this background, the agricultural advances of the bank are very low if compared with it's resources and the investment opportunities available to the bank. Bank has expressed it's anxiety as regards low agricultural advances in it's each and every annual report right from 1957-58. In each report, it has been stated that the agricultural advances of the bank are not increasing in the quantum expected. This led me to think more and more on the problem.

A committee was formed by the bank in the year 1966-67 to study this problem. But the committee made it's - recommendations as regards the regular working of the bank in respect of agricultural loans and advances. The present chairman of the bank feel that an extensive research is - necessary in the subject. He advised me to re-open the study of the problem. In my discussions with him he expressed the view that finance for horticulture has a more scope than the

advance to agriculture in this region. From this, I got the right direction for my study.

He further expressed the view that for immediate increase in the agricultural credit of the bank, it is necessary to increase the incomes of agriculturists. Commercial production of horticultural products takes long number of years to start. Therefore, the incomes of the farmers shall be increased at the existing level of horticultural production.

This is possible only if the cost of production and marketing is kept at a low level. This can be done by giving emphasis on co-operative marketing of horticultural products. By increasing the incomes of the farmers and their credit capacity in the short run by this way, their capacity to take short, medium and long term credit can be increased.

Secondly there were some administrative problems of the bank having a bearing on low agricultural advances of the bank of which the chairman was well aware of. He, therefore, advised me to collect the data on the above lines and to see that whether the data collected supports the hypothesis stated by him. He also told me that bank is also vitally interested in the study of this problem.

I got enlightened by the inspiring guidance given by the chairman of the bank and I made up my mind to make a

research on the subject. I got constant inspiration, encouragement, guidance and help in every respect from the Chairman, board of directors, managers and office staff of the bank while preparing the research report on the subject, "An analytical study of agricultural advances of the Ratnagiri District Central Co-operative Bank Ltd., Ratnagiri(1981-85)"

1.2 Objectives of study :

The major objective of study is to collect a body of reliable information on the topic under study. The specific objectives of the study are as follows :-

- (i) To examine the role of the bank in agricultural finance.
- (ii) To analyse the problems of bank and it's branches in respect of agricultural advances.
- (iii) To study the imbalance between deposits and agricultural advances.
- (iv) To make necessary suggestions in the light of above analysis.

1.3 SCOPE OF PRESENT STUDY :

Scope of present study is confined to only the agricultural advances of the bank. The word agricultural loans and advances used in this study includes horticultural loans and advances of the bank also. Further the study is restricted to the five major branches of the bank where the agricultural advances are on large scale. For the purpose of analysis, data collected from ~~five~~ agricultural primary societies has also been used.

1.4. DATA REQUIREMENTS :

For the purpose of present study, information was collected for the following major areas namely -

- (1) Geographical setting of the ~~district~~.
- (2) General information as regards agricultural and horticultural crops.
- (3) Total resources of the bank and the quantum of agricultural advances.
- (4) Sanctioned limits and disbursements of advances of head office, five major branches, and five primary agricultural societies of the bank.



- (5) Production, marketing and administrative ~~live~~ problems having a bearing on agricultural advances of the bank.

#### 1.5 METHODOLOGY FOR PRESENT STUDY:

For the purpose of present study, information was collected from the various sources as follows :-

##### SELECTION OF SAMPLE :

Five major branches of the bank ( Khed, Dapoli, Guhagar, Lanja and Deorukh ) having agricultural advances on large scale were selected for study. In addition to this 5 primary agricultural credit societies of the bank working under the respective branch were selected. ( Pure society, Mahalunge society, Hedvi society, Lanja society and Kosum society ). Data was collected from the records of head office, branches and societies. In addition to this the office bearers of head office, five branches and five societies were interviewed.

Totally 100 agriculturists (20 agriculturists from each taluka ) were selected. In order to provide adequate representation, the agriculturists were classified in three categories namely, large, medium and small. For collection of information from agriculturists, personal informal interview

technique was used. For this informal interview some model questions were set in advance, copy of which is attached as annexure No. II.

1.6 LIMITATIONS OF STUDY :

Finally a word about the limitation of the study is also important. As this research is based on a small sample, no doubt, the sample is representative but considering the magnitude of the problem, conclusions drawn in the study may be treated as of tentative in nature.

1.7 PRESENTATION AND ANALYSIS OF DATA COLLECTED :

The information collected from the various sources listed as above was analysed with the help of statistical techniques, and has been presented as per following chapter scheme -

Chapter : I

METHODOLOGY OF STUDY :

Containing objectives, scope, methodology and limitations of study.

Chapter : II

AGRICULTURAL FINANCE AND CO-OPERATIVE BANKING IN INDIA :

Containing problems of agricultural development in India, need and sources of agricultural finance and the role of co-operative finance in financing of agriculture in India.

Chapter : III

PROFILE OF THE R.D.D.C. BANK LTD., RATNAGIRI :

Containing ~~an~~ organizational set up, objectives, policies, systems and procedures of the bank as regards agricultural finance of the bank.

Chapter : IV

ANALYSIS AND INTERPRETATION OF DATA :

Containing analysis of the production, marketing and administrative problems having a bearing on the low agricultural finances of the bank.

Chapter : V

RECOMMENDATIONS AND SUGGESTIONS :

Containing recommendations and suggestions based on the conclusions drawn from above study.

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